

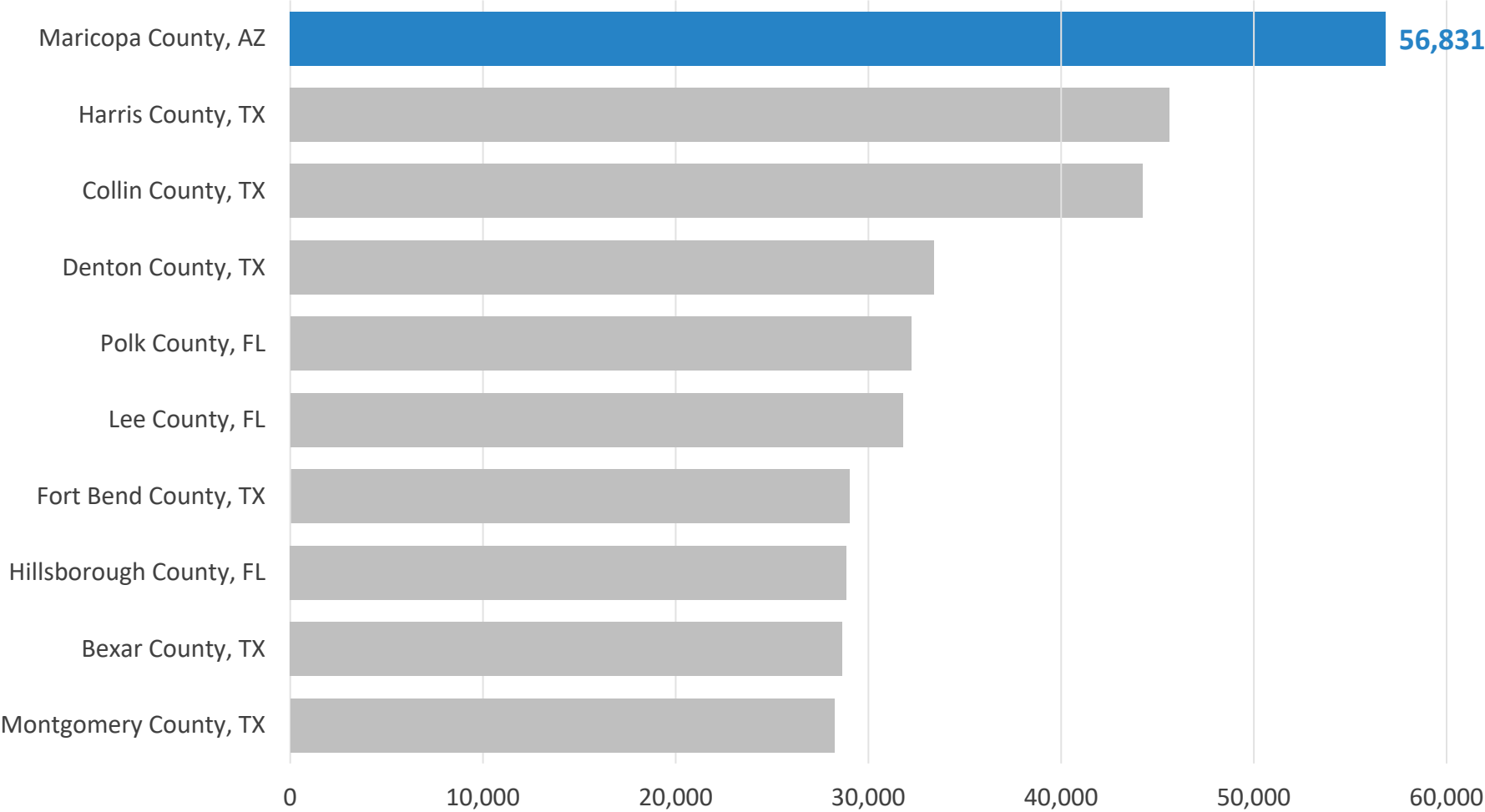
Regional Economic and Housing Trends

Human Services Technical Committee

December 14, 2023

Maricopa County saw the largest population growth in the nation

Top 10 Counties in Numeric Growth, 2021 to 2022



Source: U.S. Census Bureau, Vintage 2022 Population Estimates



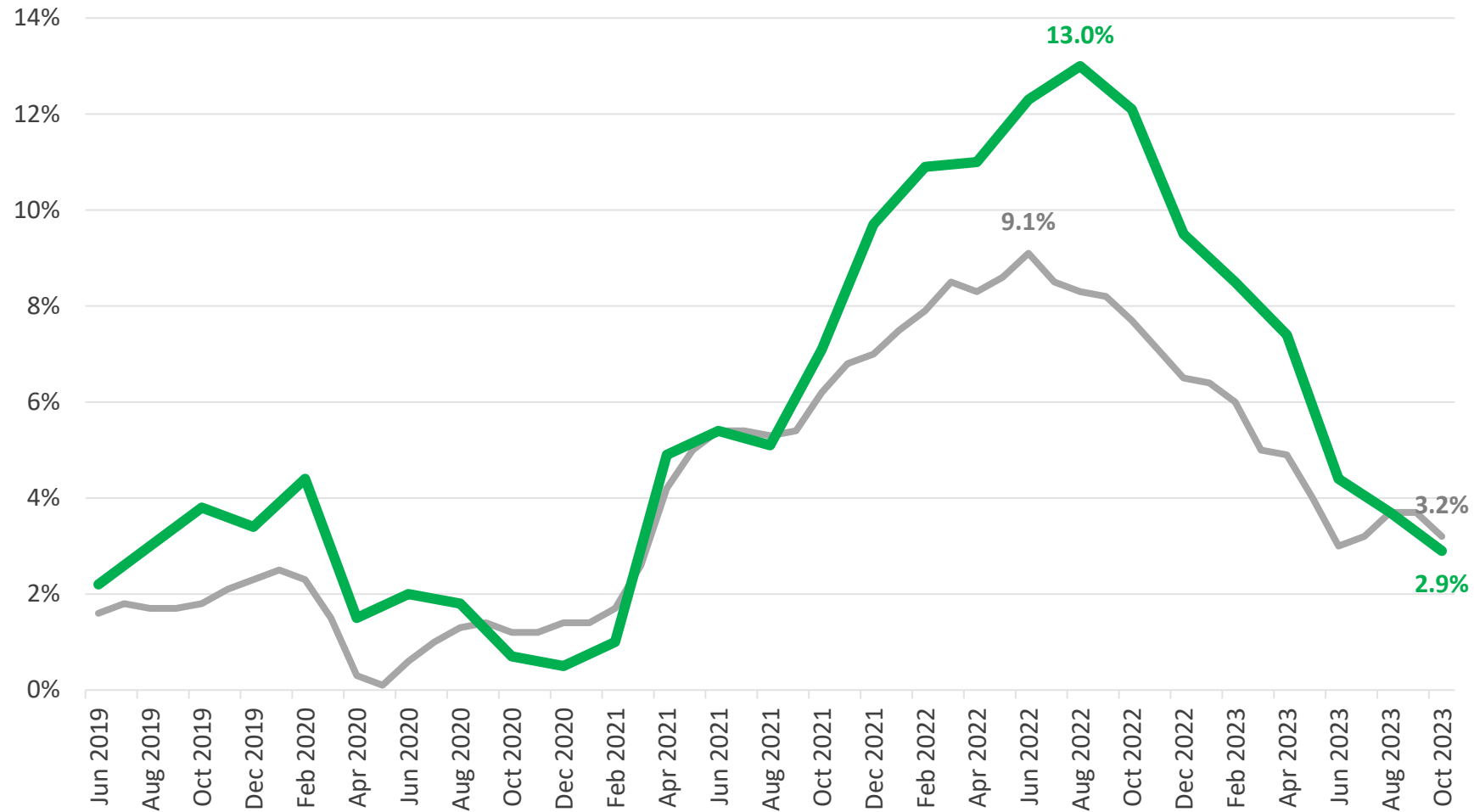
Unemployment rate for the Phoenix MSA is similar to the U.S.



Source: U.S. Bureau of Labor Statistics, Arizona Office of Economic Opportunity, EBRC

Phoenix MSA inflation is lower than the U.S.

Year-over-Year Percent Change in Consumer Price Index (CPI)



Phoenix MSA Inflation Components:

- Medical Care +3.4%↑
- Shelter +0.9%↑
- Vehicles -3.5%↓
- Apparel -2.7%↓

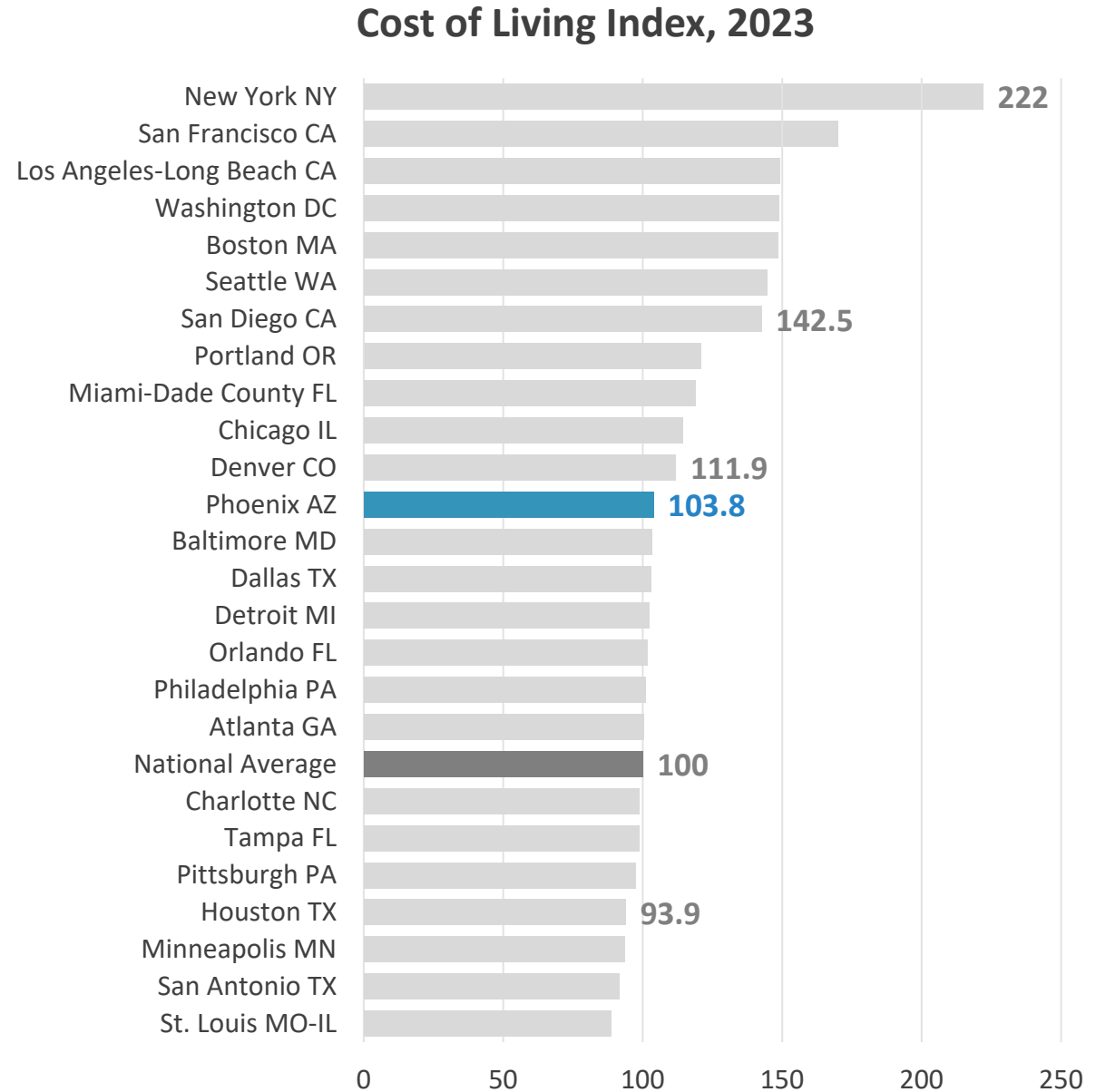
Source: U.S. Bureau of Labor Statistics



Cost of Living

- ▶ **Phoenix MSA** is ranked **12th** among the top 25 most populous metros in terms of highest cost of living
- ▶ Phoenix MSA was ranked **18th** in 2021

Cost of living index is calculated using prices of select goods and services to reflect consumer expenditures, with a base of 100 as the national average cost of living.

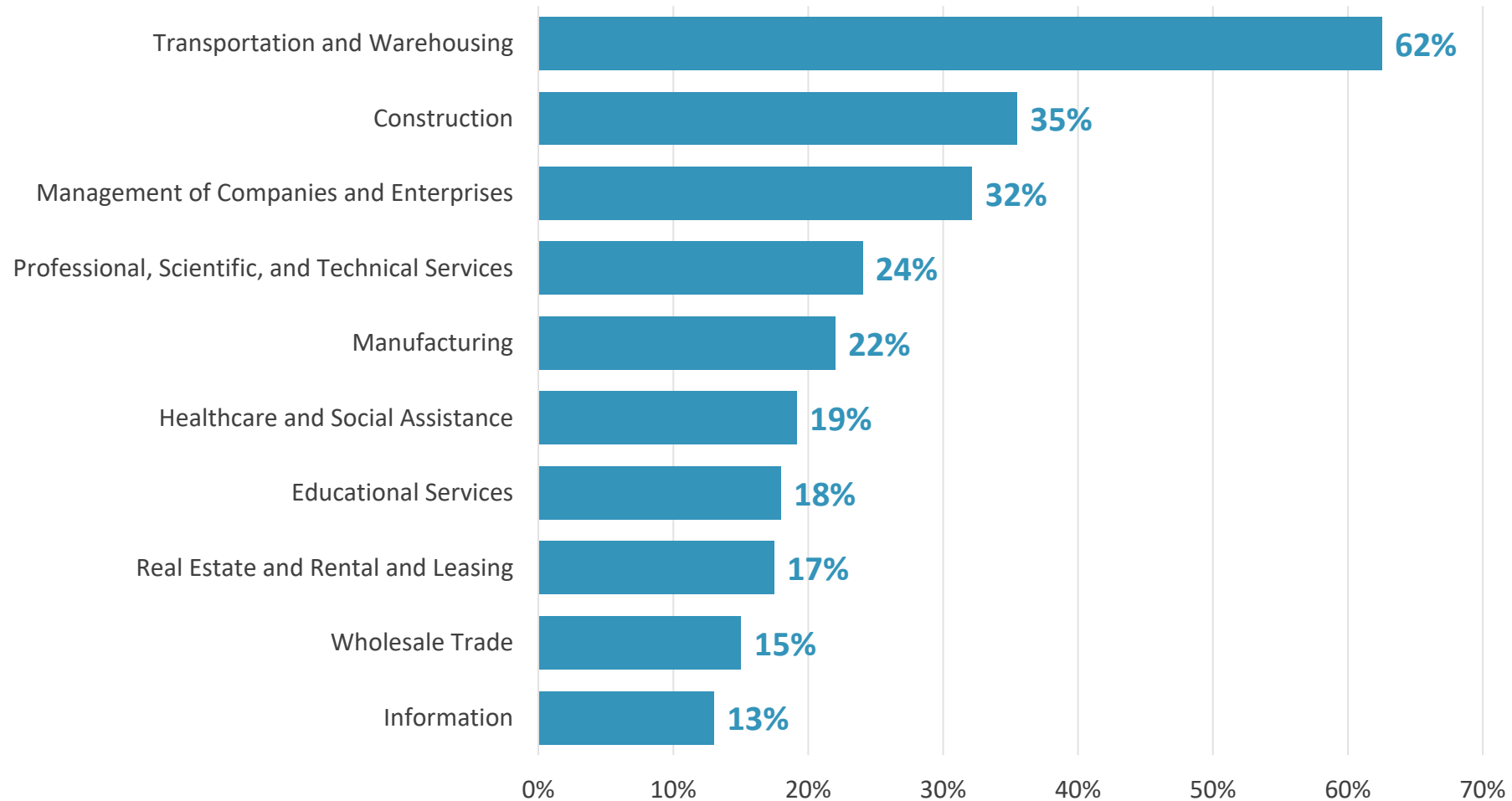


Source: C2ER Cost of Living Index



Phoenix MSA diversifying economy

Top 10 Change in Employment by Industry, 2017-2023



Source: University of Arizona Economic and Business Research Center

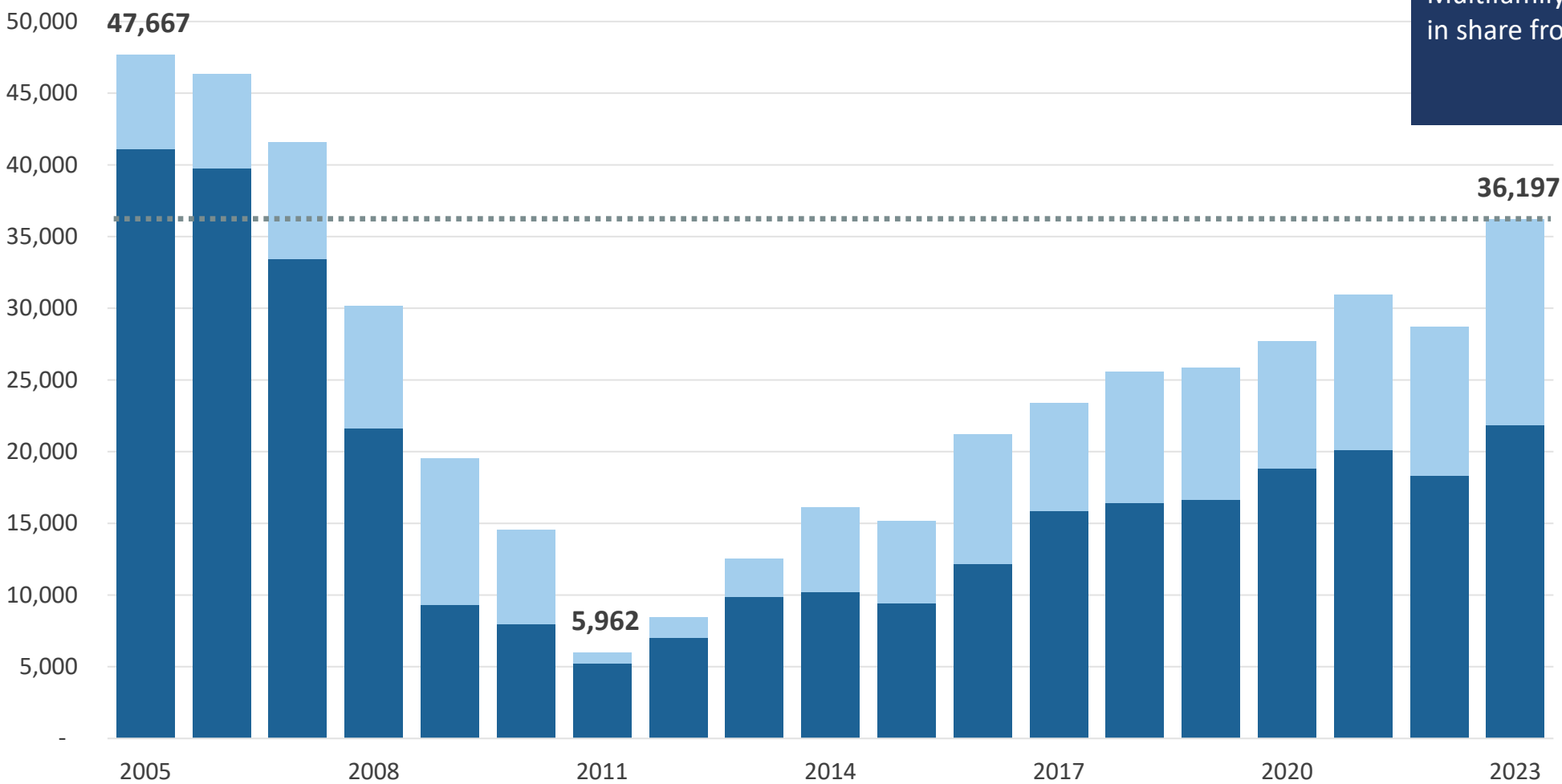


Maricopa County residential completions are reaching pre-recession levels

Residential Completions by Unit Type

Single Family

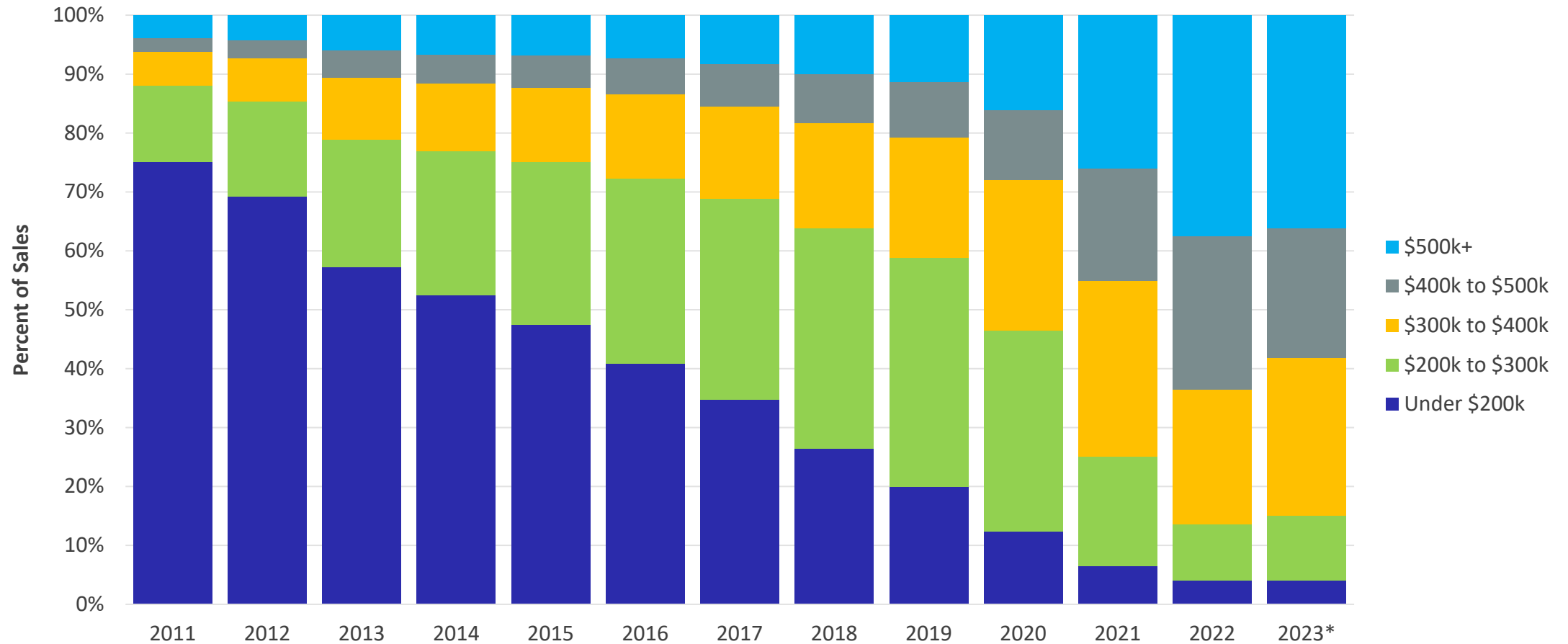
Multifamily



Source: Maricopa Association of Governments, Residential Completions by Fiscal Year

In the Phoenix MSA, sales transactions under \$300k have decreased 73 percentage points since 2011

Sales Transactions, 2011-2023



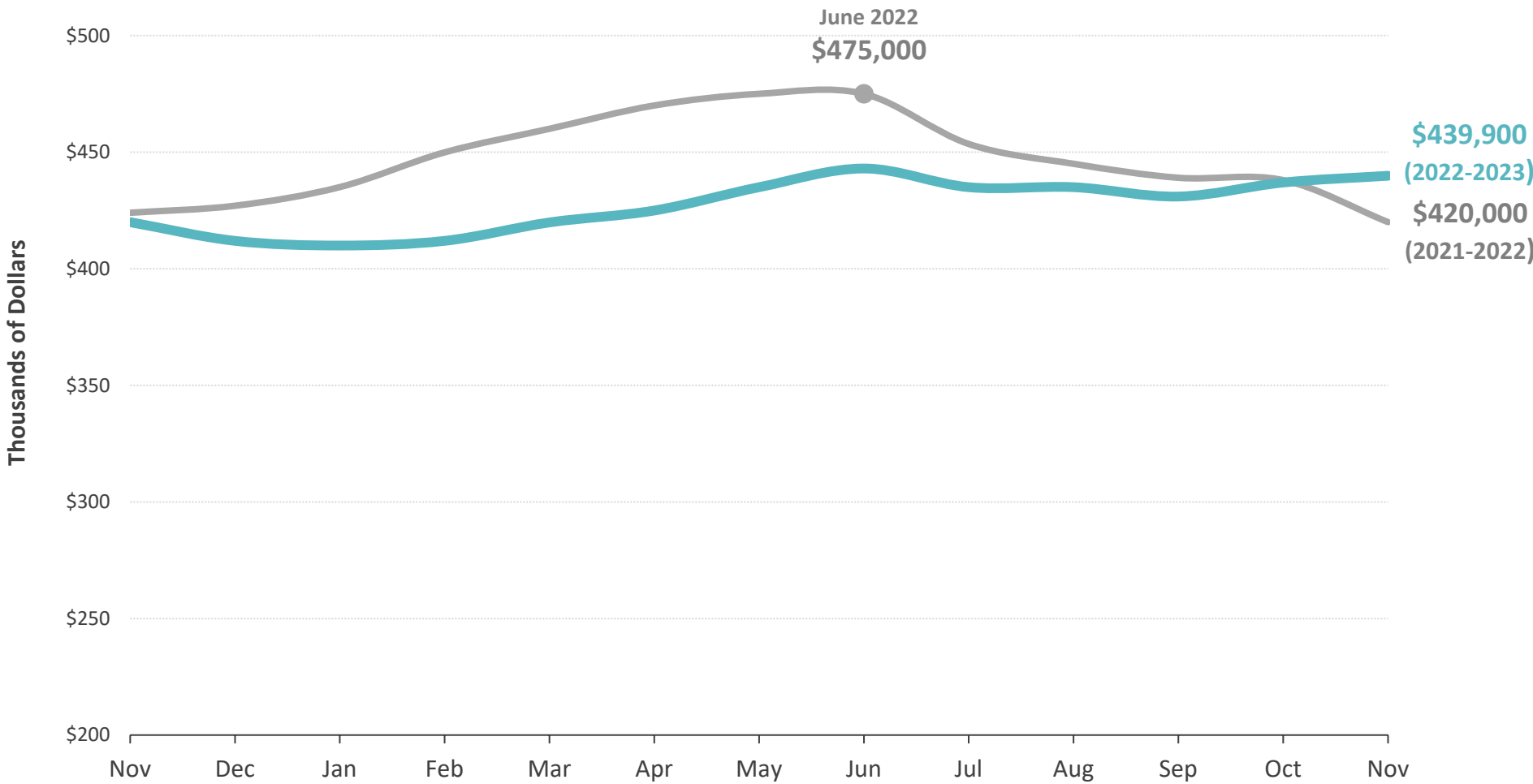
Source: The Information Market

Adjusted for inflation, *2023 data through Q3 only



Phoenix MSA median sale price has stayed fairly steady since June 2023

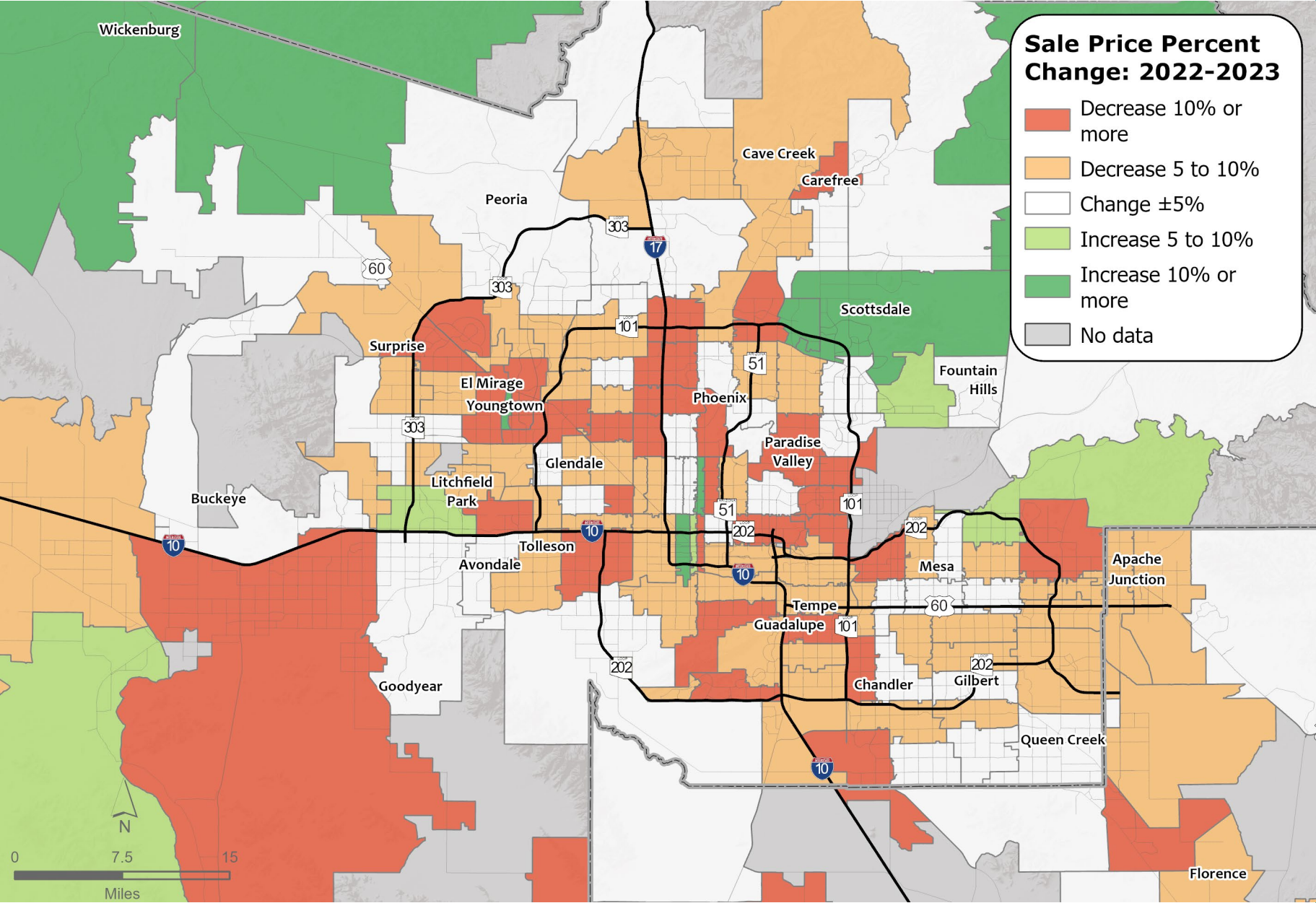
Median sale price is now higher than it was a year earlier



Source: Arizona Regional Multiple Listing Service, November 2023

Median Sale Price Percent Change, 2022-2023

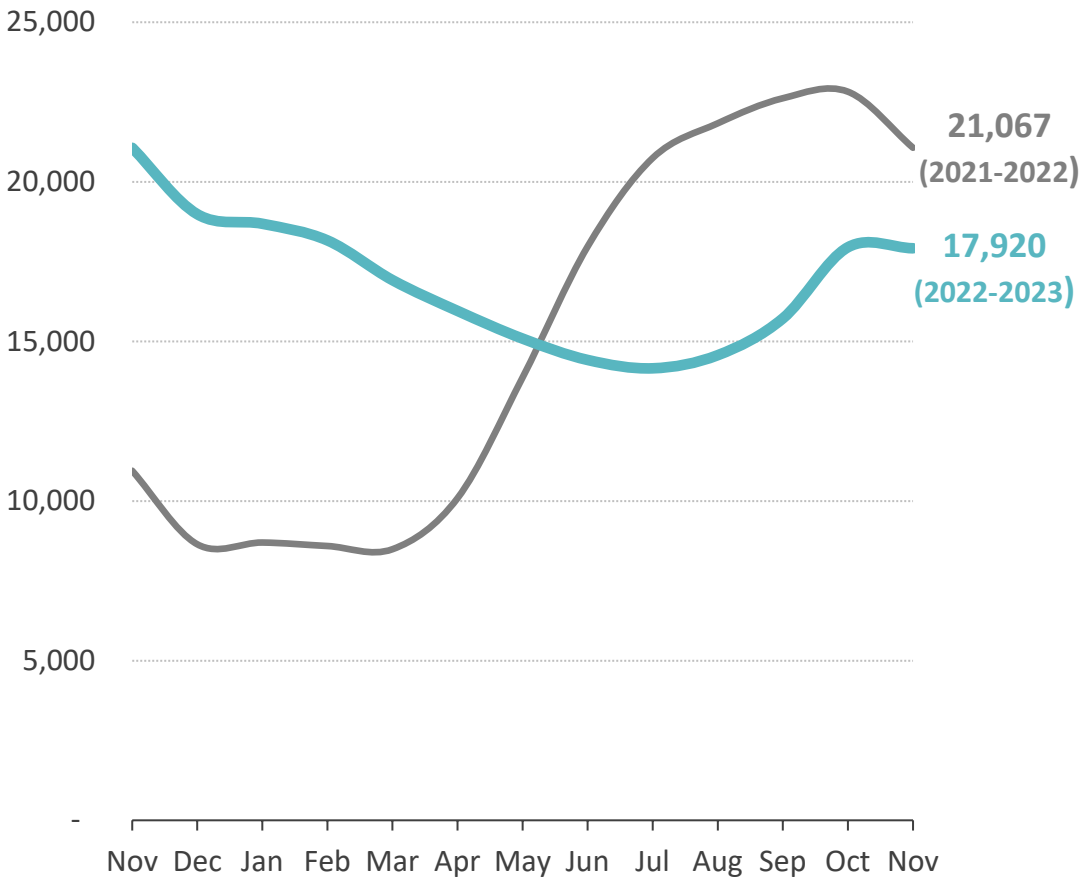
► 42 ZIP Codes with decrease of 10% or more



Source: The Information Market

Total inventory is 15% lower than last year

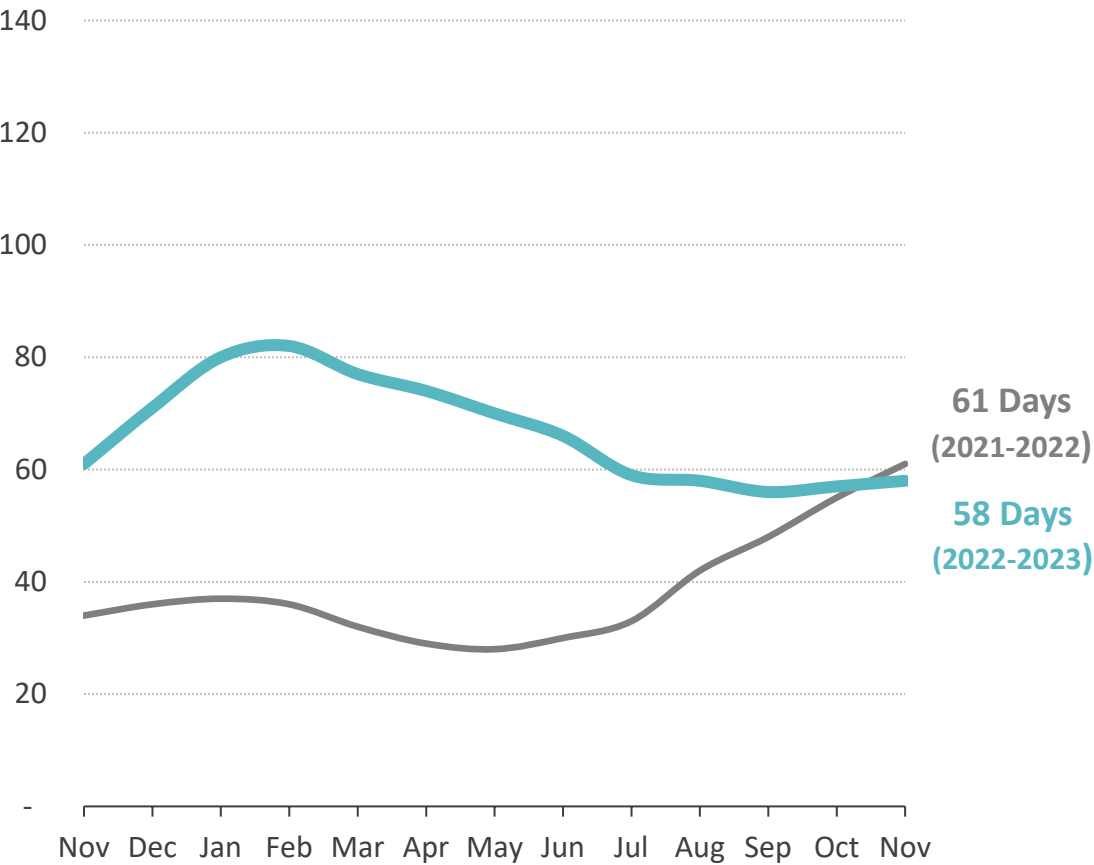
Total Inventory, Monthly Active Units



Source: Arizona Regional Multiple Listing Service, November 2023

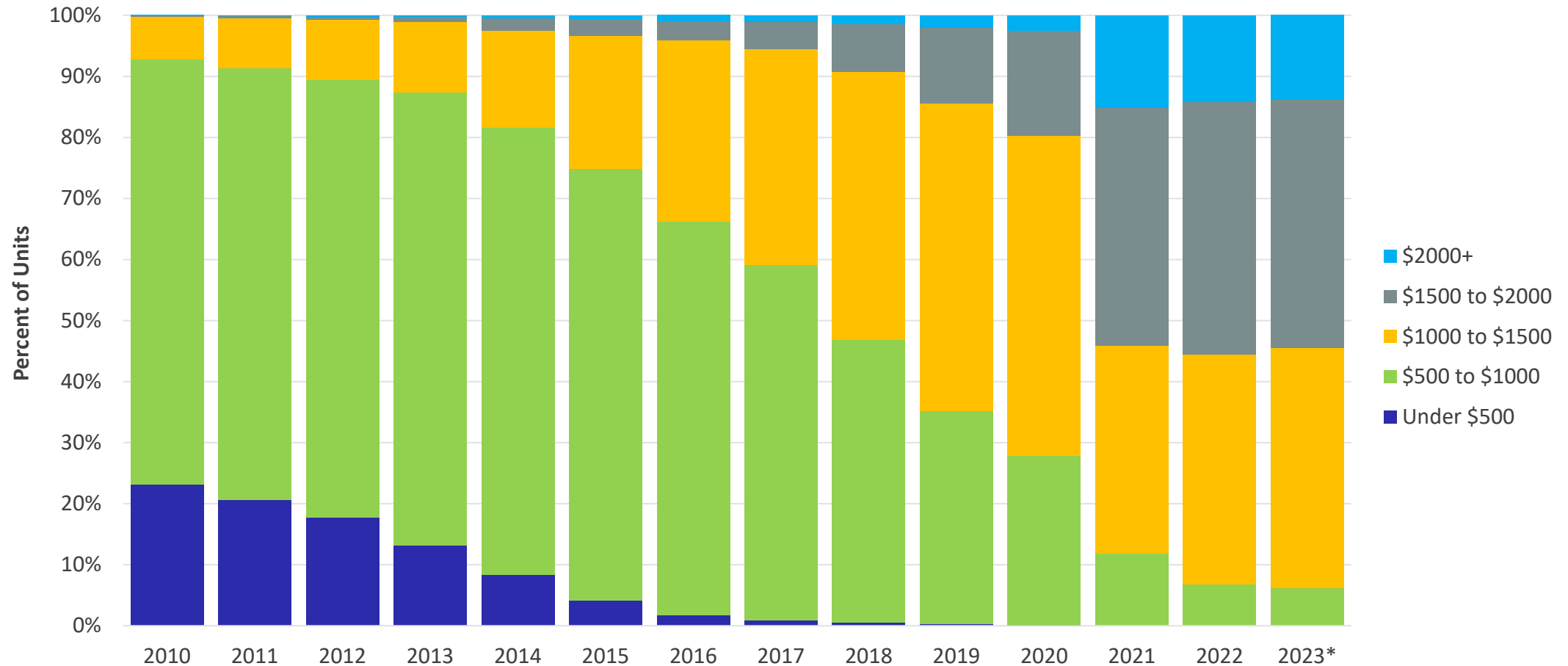
Average days on market has been fairly steady

Average Days on Market



In the Phoenix MSA, availability of apartment units with rent under \$1,000 has decreased by more than 86 percentage points since 2010

Apartment Rent, 2010-2023

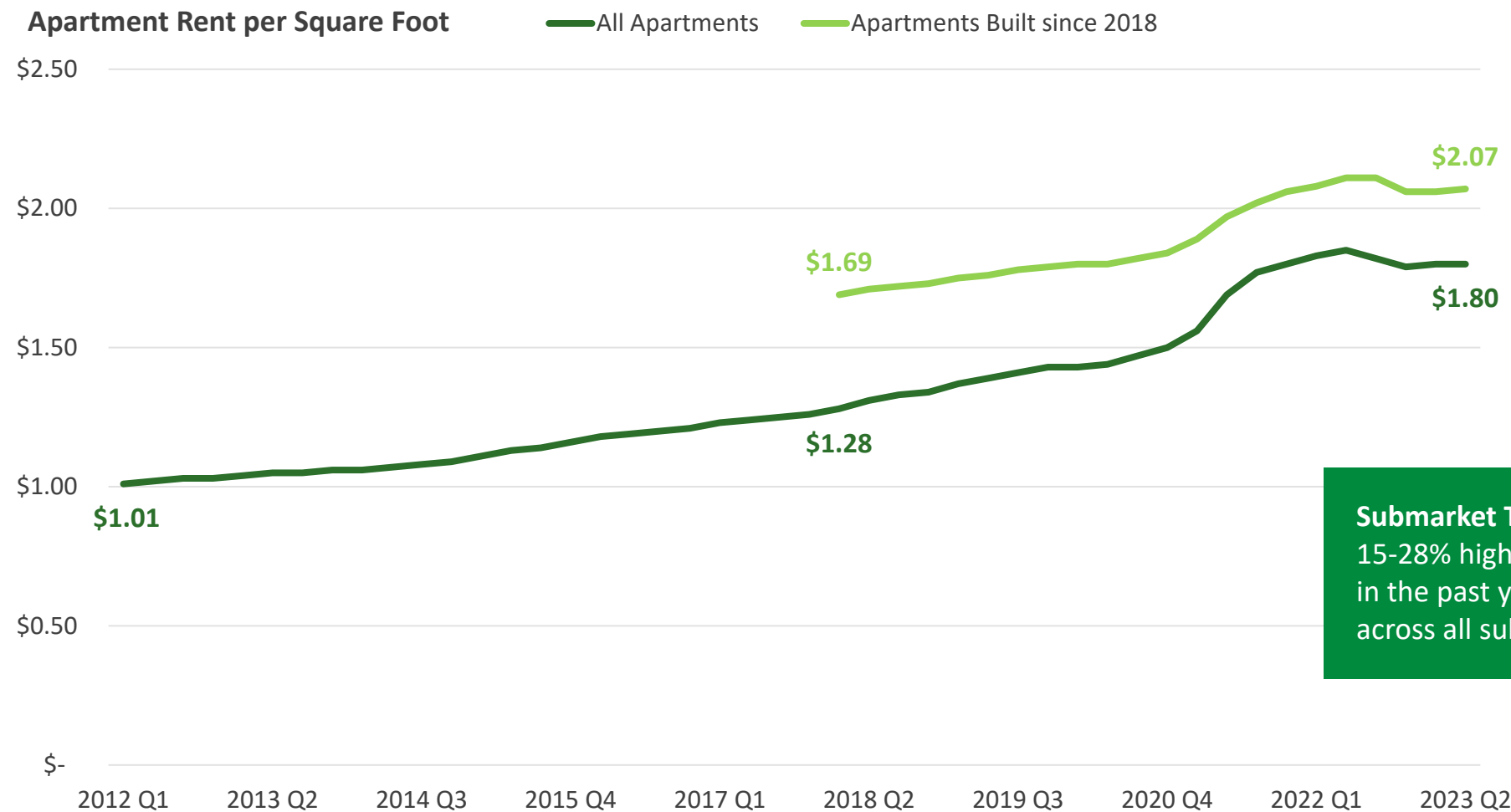


Source: RealData, Inc.

Adjusted for inflation, *2023 data through Q2 only



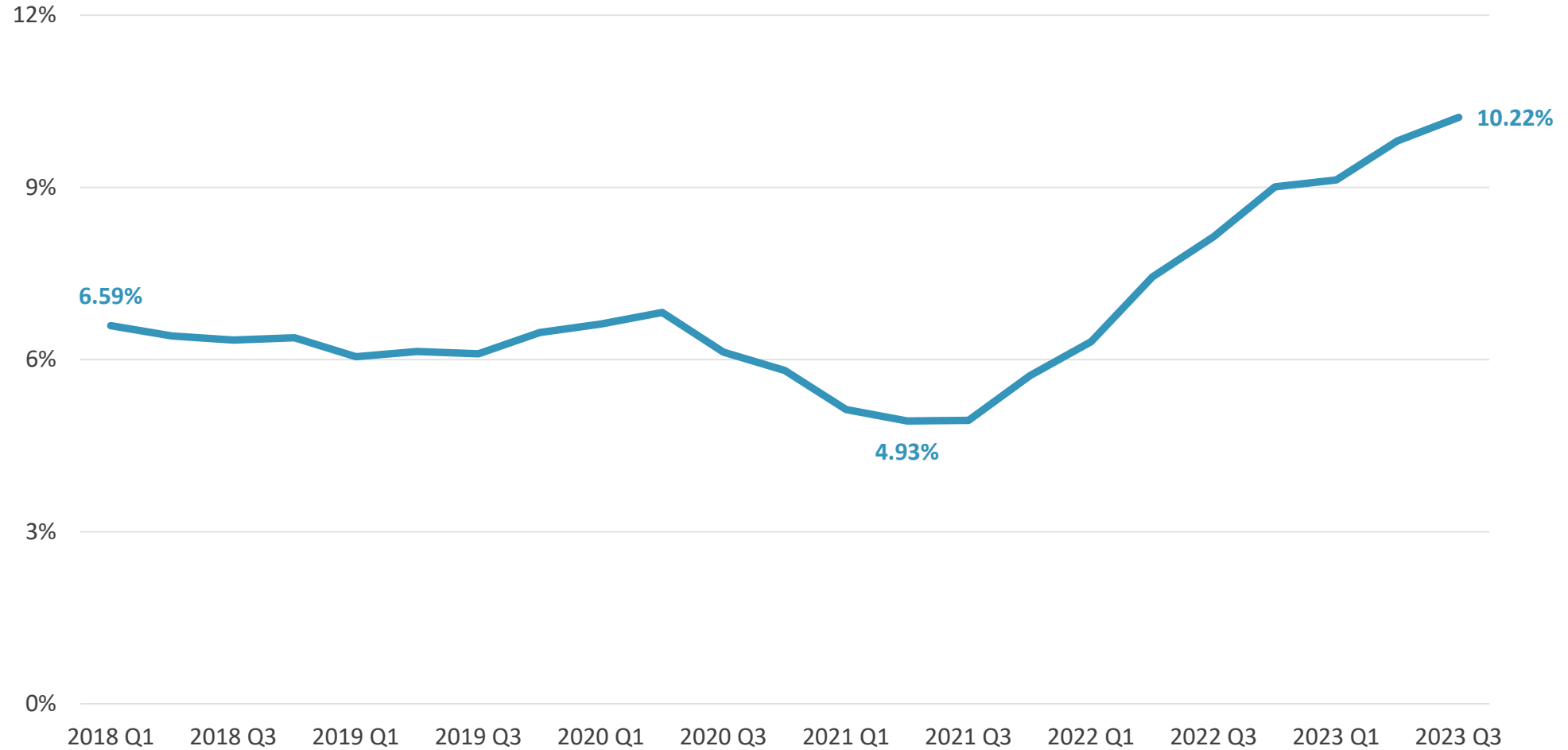
Newly-built apartment rent is 15% higher



Source: CoStar



Multifamily vacancy rate has increased to 10.22%



Source: CoStar

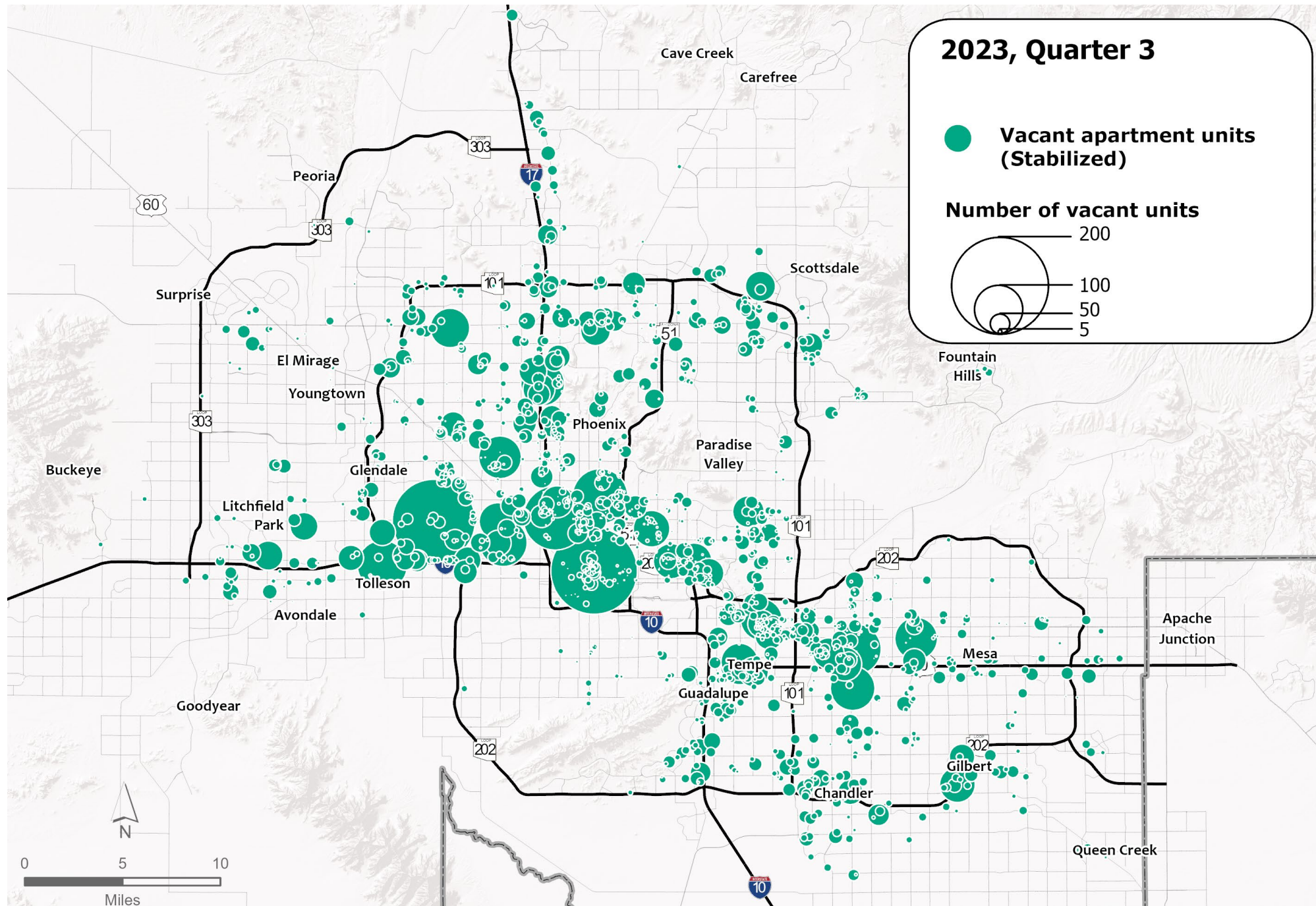


2023 Vacant Apartment Units

22,265 out of
336,820 are
vacant (6.61%)

*Each circle represents
an apartment complex*

Source: RealData, Inc
Stabilized units only

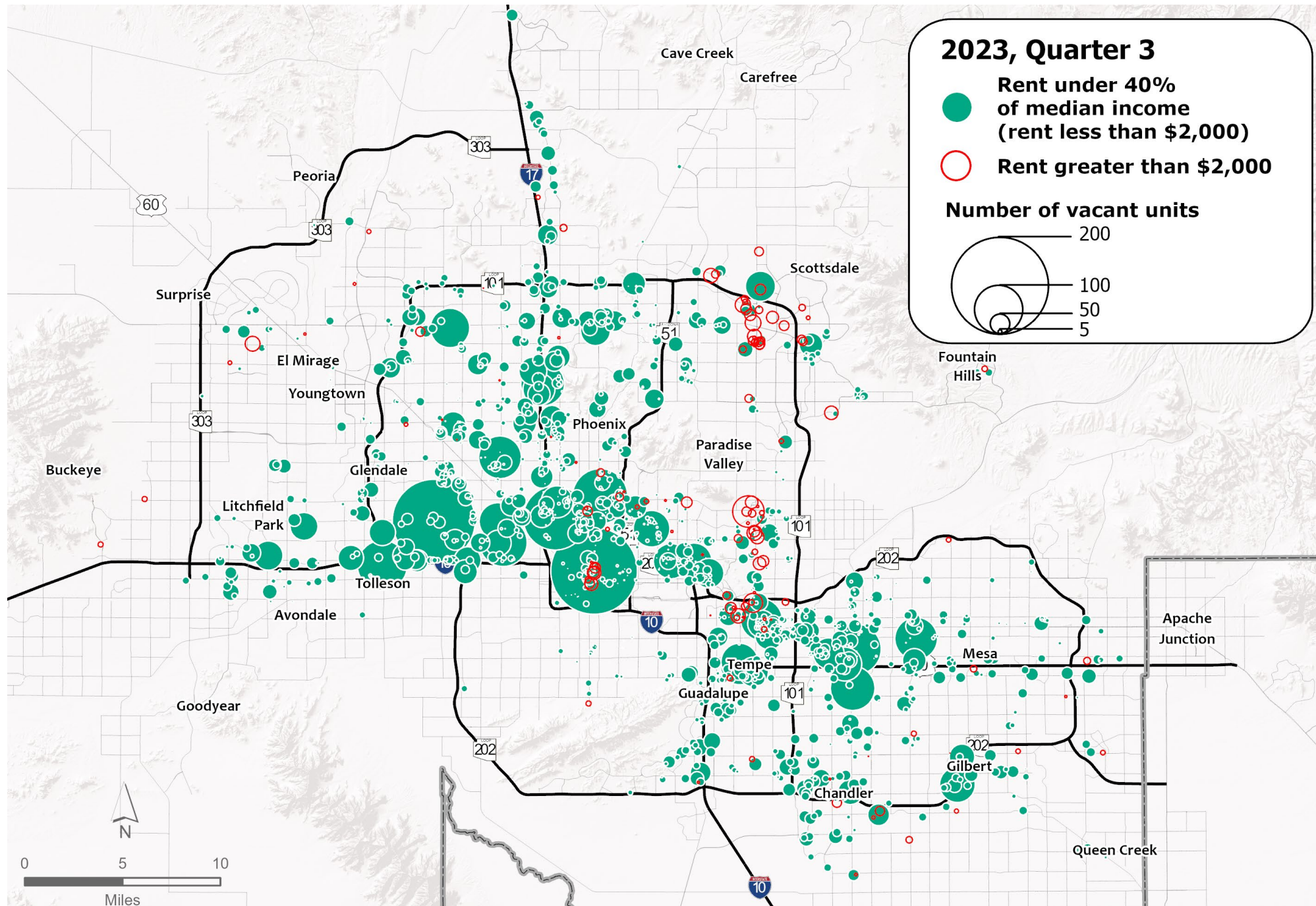


2023 Vacant Apartment Units

20,537 units with
rent under 40% of
median renter
income

*Each circle represents
an apartment complex*

Source: RealData, Inc
Stabilized units only

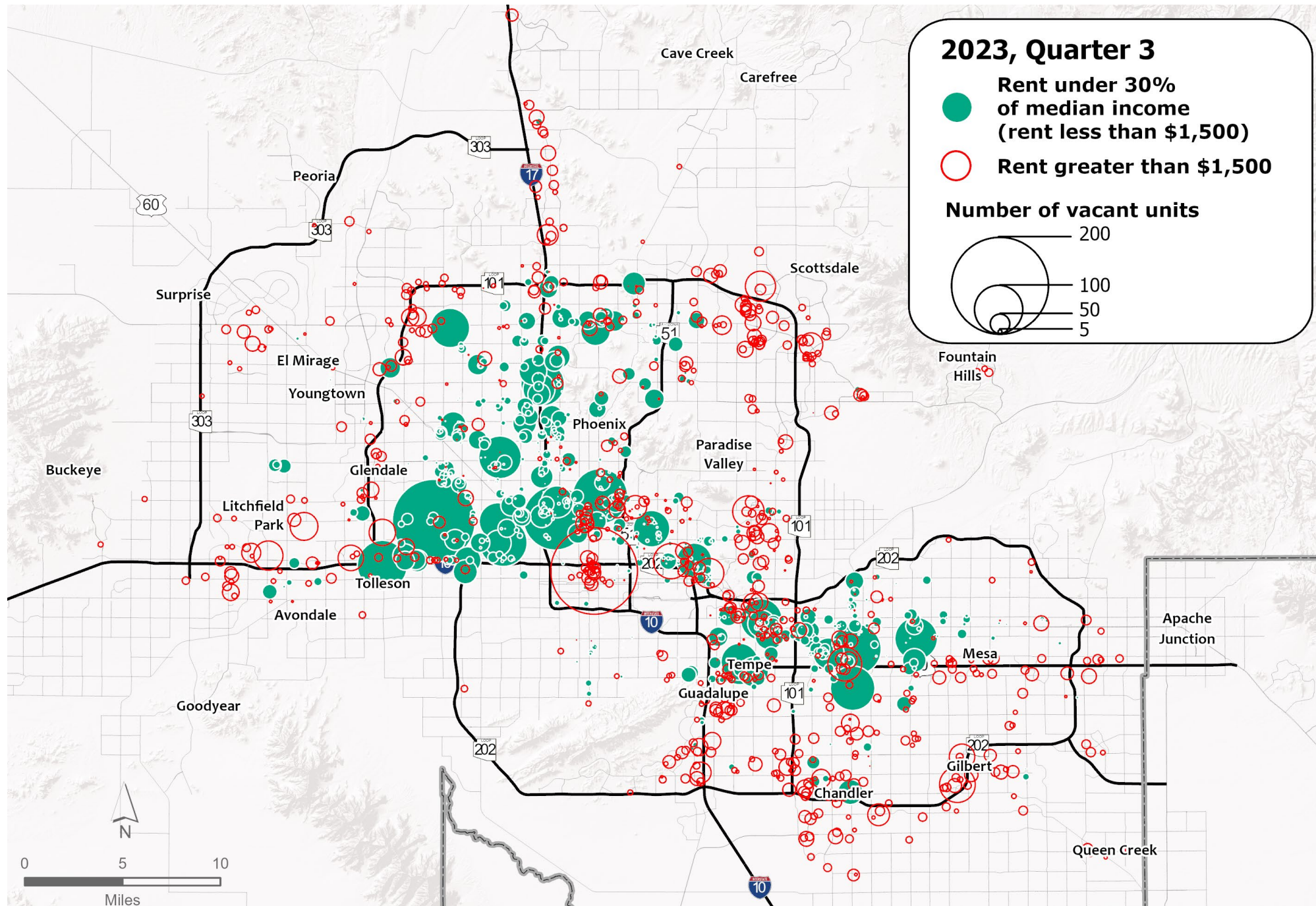


2023 Vacant Apartment Units

10,699 units with
rent under 30% of
median renter
income

*Each circle represents
an apartment complex*

Source: RealData, Inc
Stabilized units only

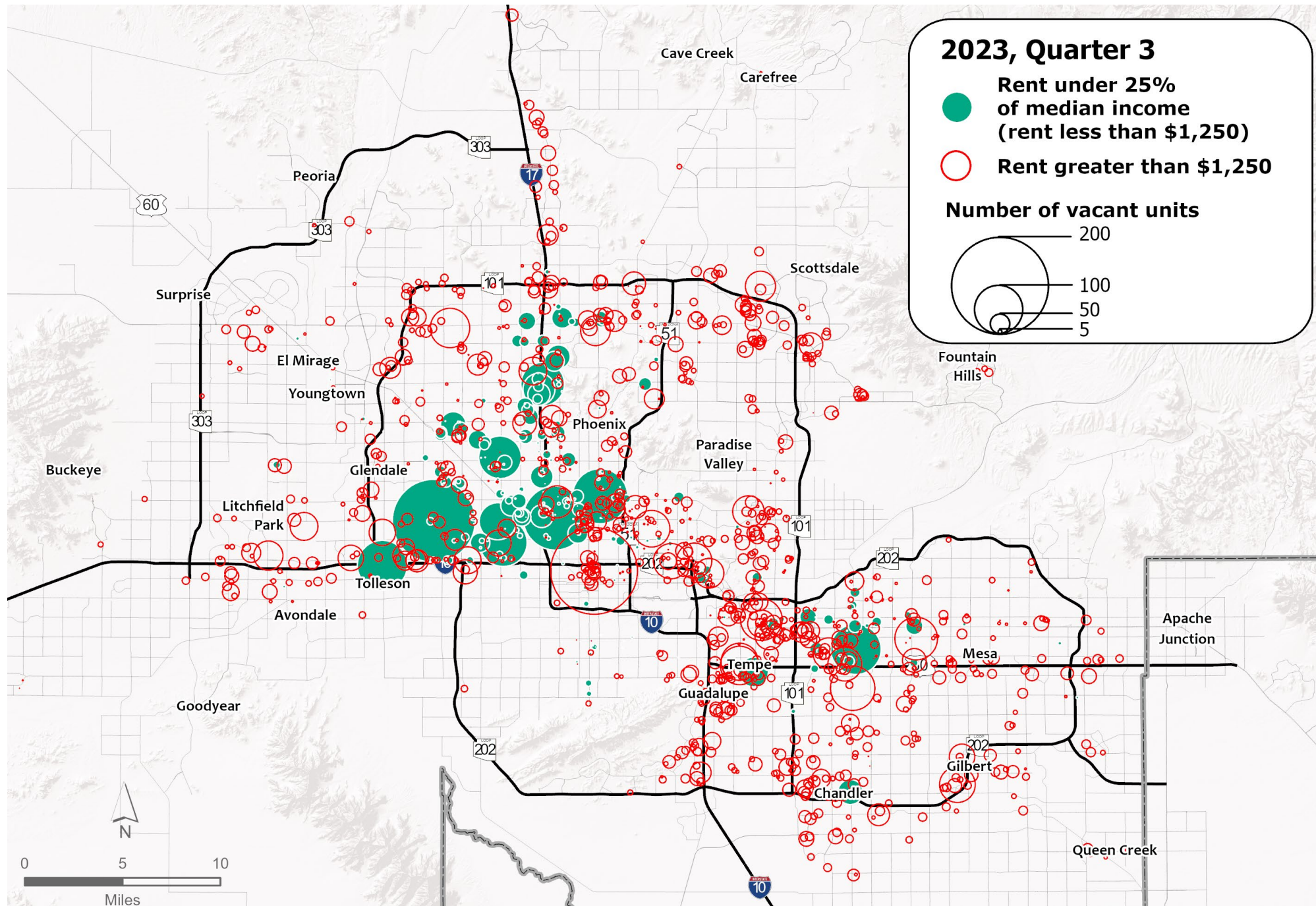


2023 Vacant Apartment Units

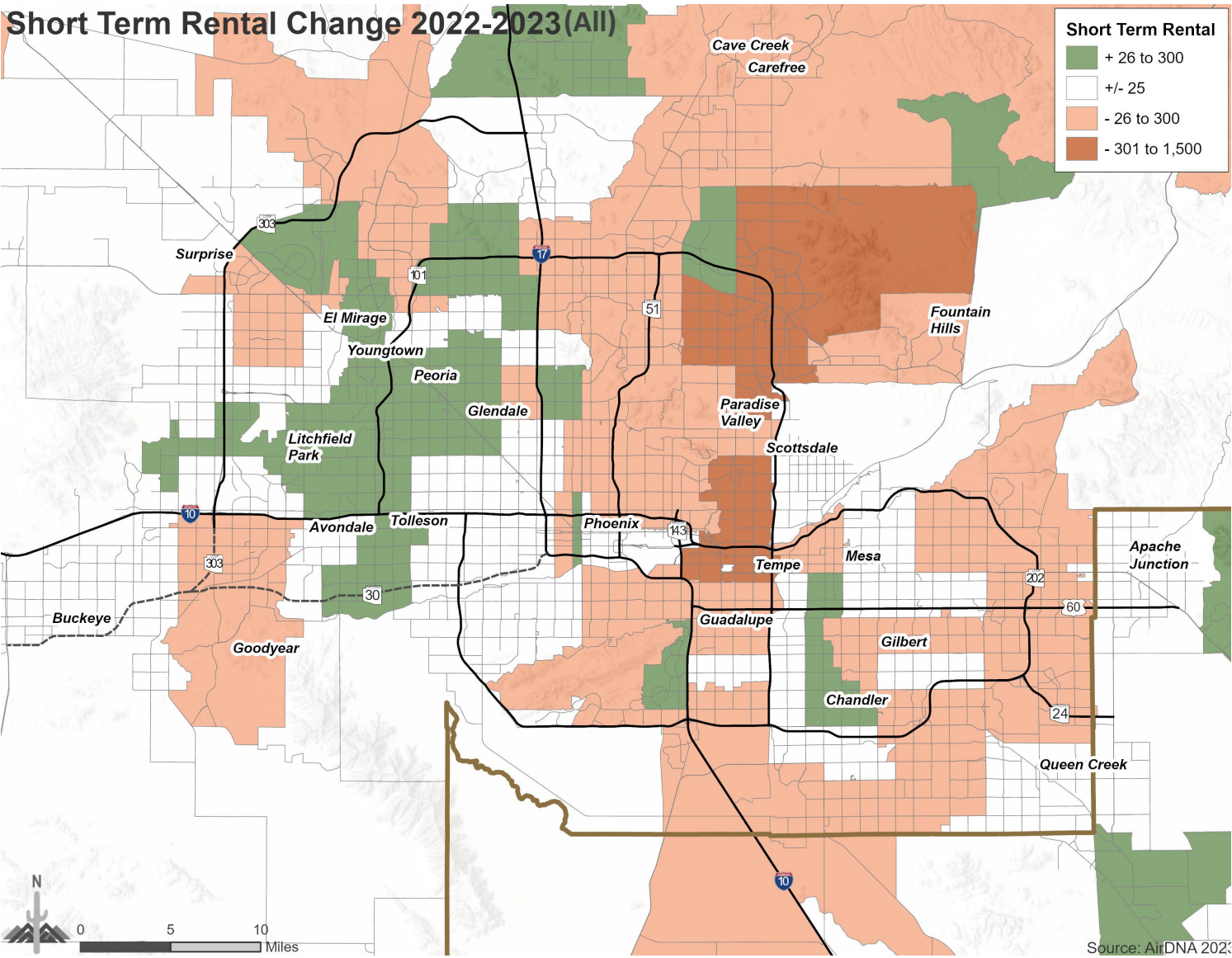
4,507 units with
rent under 25% of
median renter
income

*Each circle represents
an apartment complex*

Source: RealData, Inc
Stabilized units only

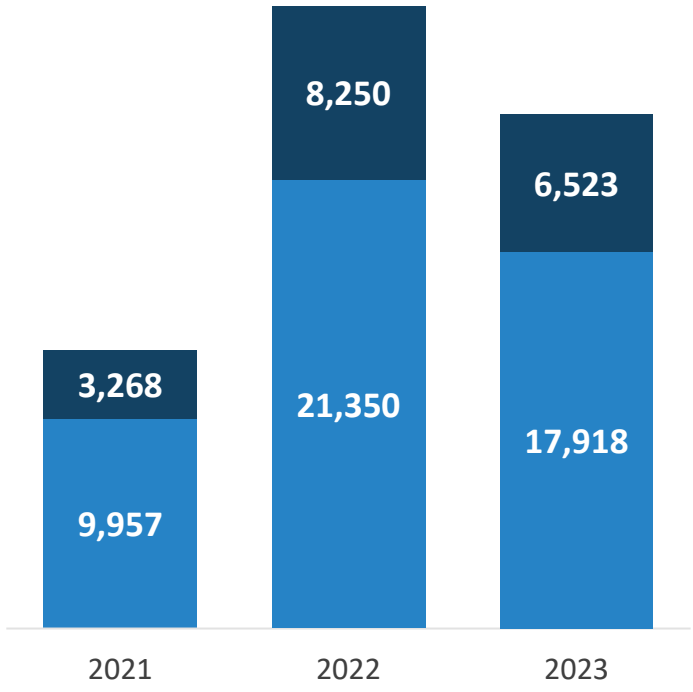


17% Reduction of active short-term rentals in Phoenix MSA



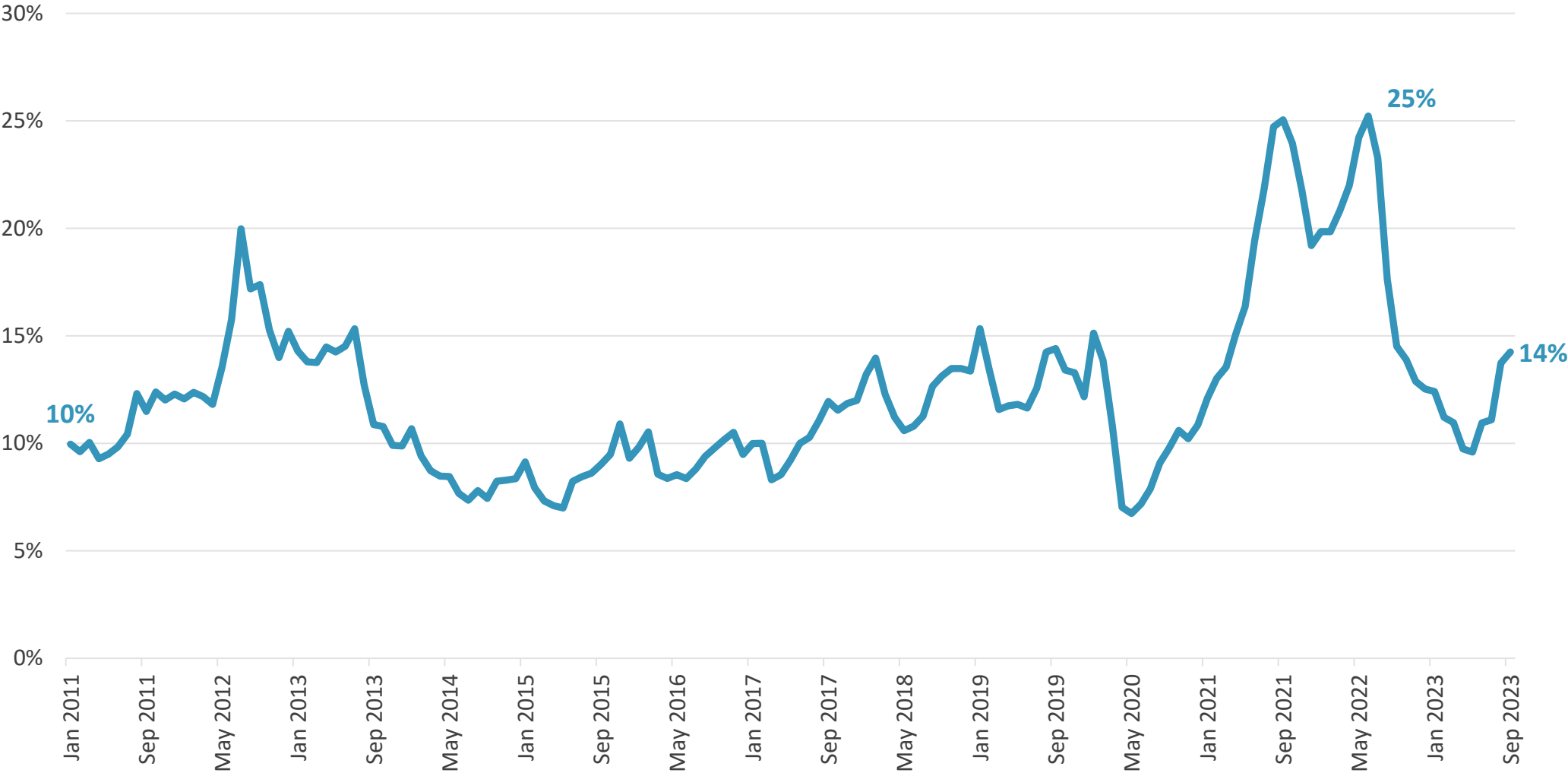
Short Term Rental

■ Sometimes 25-75% ■ Most of the time 75%+



Sales to institutional buyers in the Phoenix MSA dropped since last year

Percent of Sales to Institutional Buyers (Corporate Buyers like OpenDoor, OfferPad, Redfin, etc.)

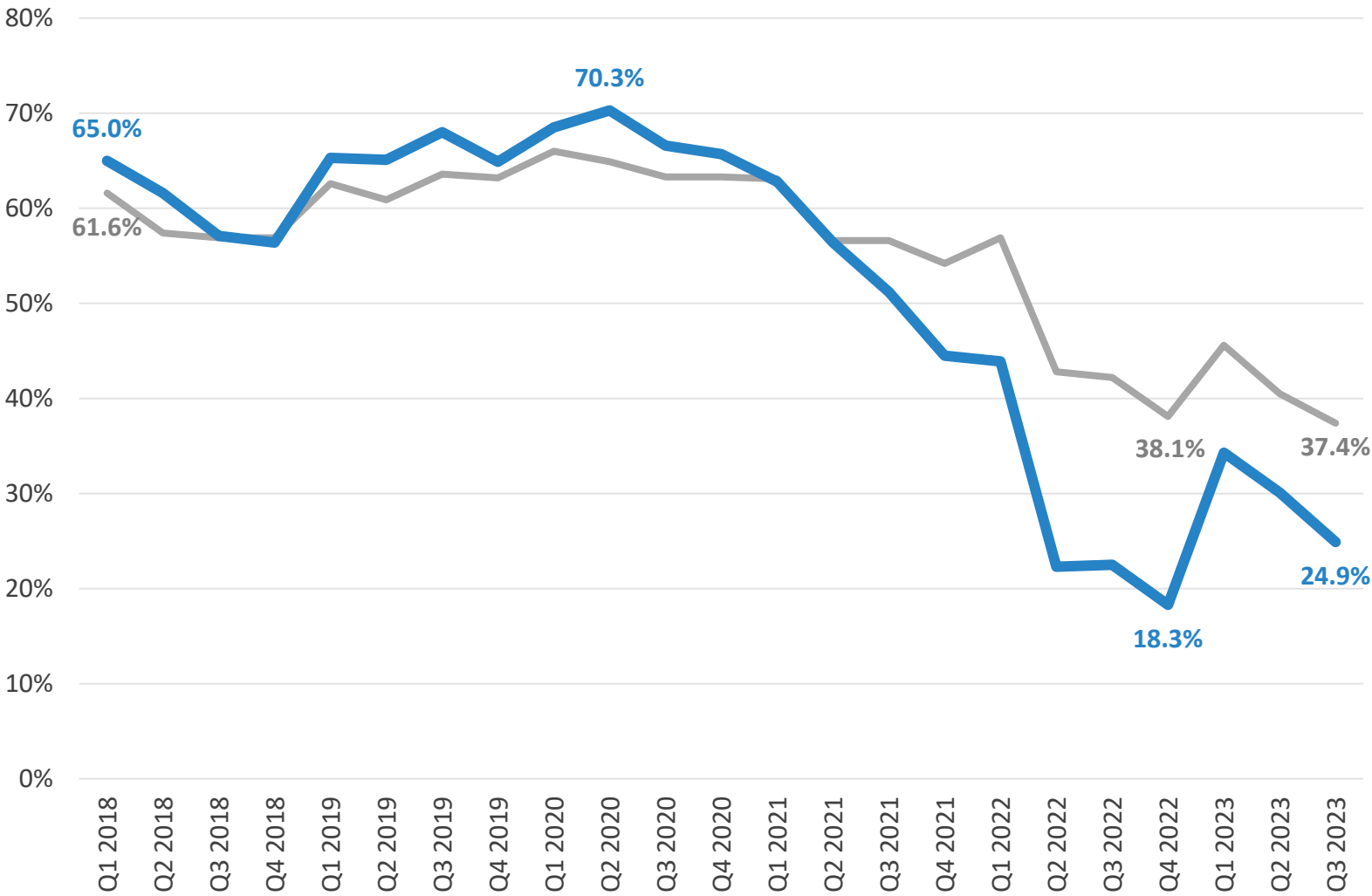


Source: The Information Market



Phoenix MSA is less affordable than the United States

Share of Homes Sold that are Affordable at Median Household Income



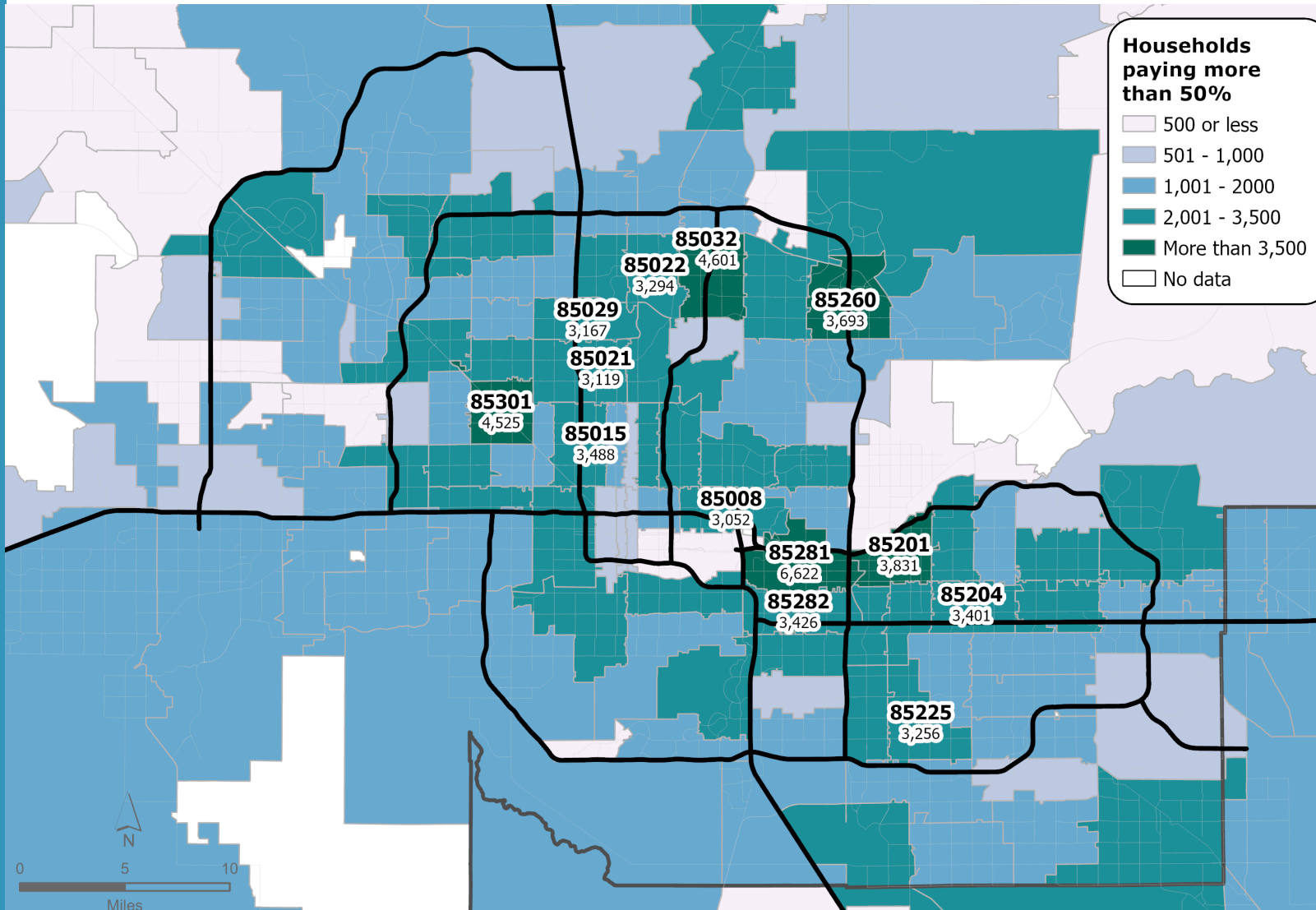
Source: National Association of Realtors/Wells Fargo Housing Opportunity Index

Comparison to Peer Metros

Metro Area	Q3 2023
National	37.4%
Houston	36.2%
Phoenix	24.9%
Denver	24.1%
Salt Lake	17.5%
San Diego	4.0%



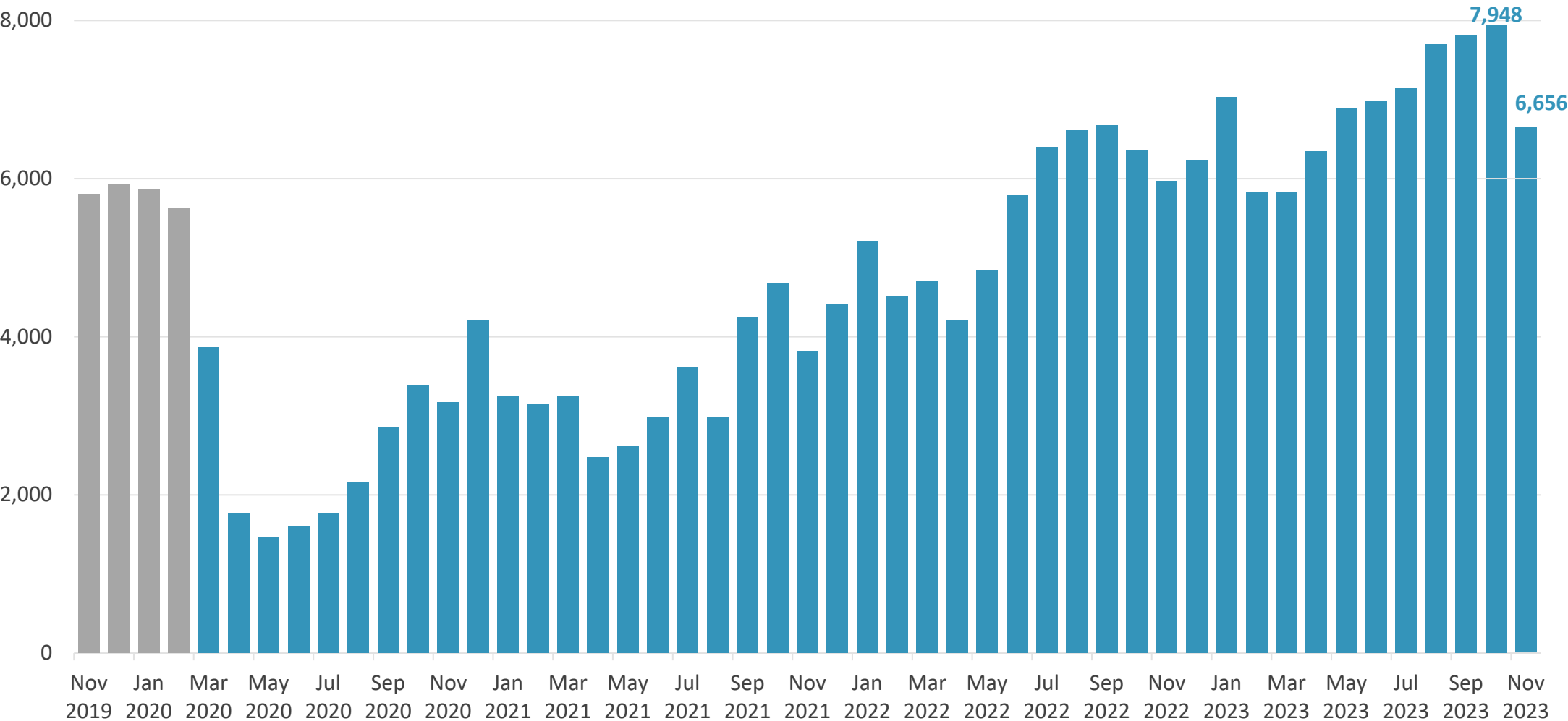
256,000 Severely cost-burdened households in the Phoenix MSA



- ▶ **Severely cost-burdened** households spend 50% or more of their income on housing
- ▶ **15% of households in the Phoenix MSA** are severely cost-burdened
- ▶ **14% of households nationwide** are severely cost-burdened

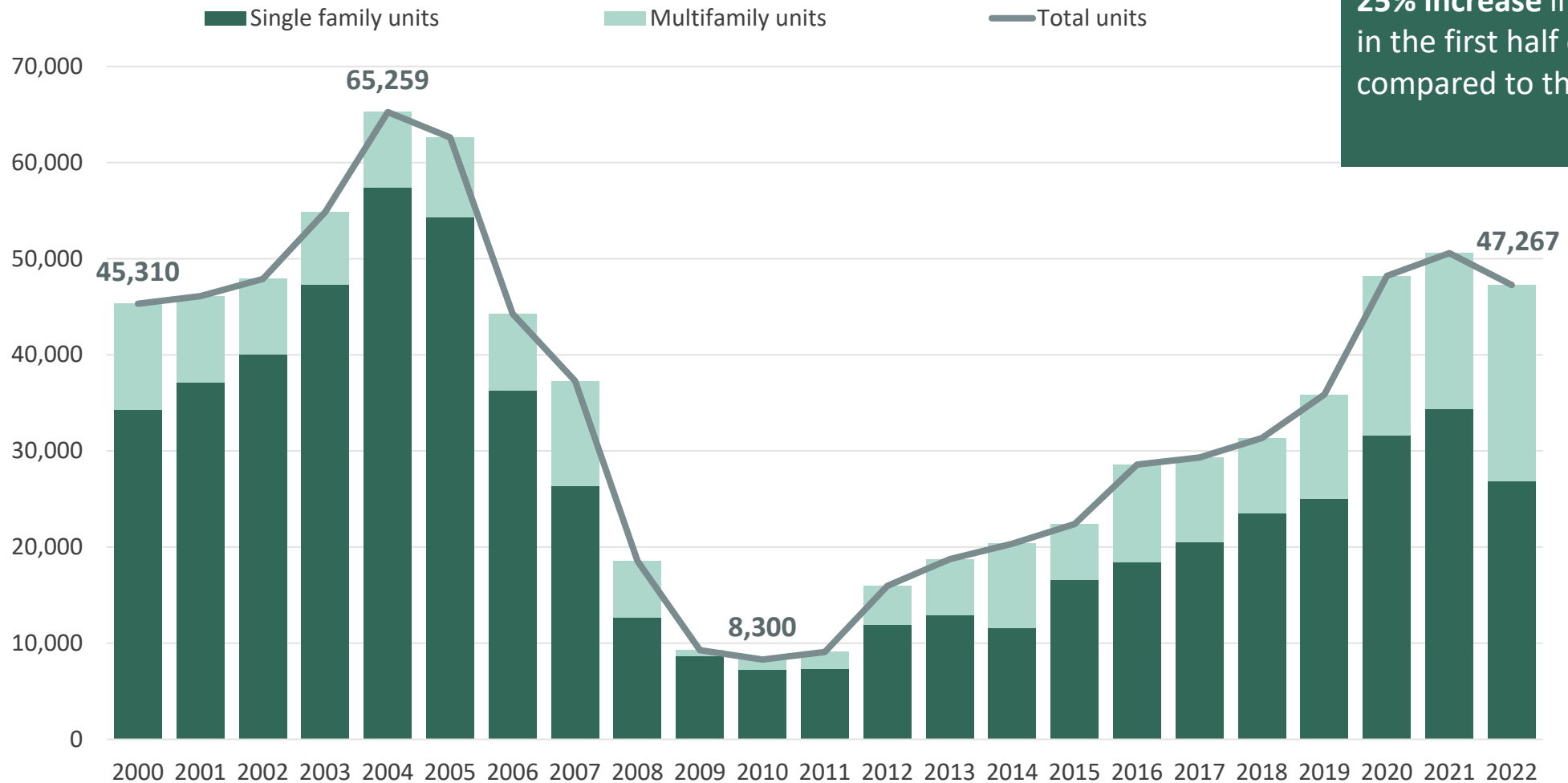
27% of multifamily renter households are severely cost-burdened

Maricopa County monthly eviction filings have surpassed pre-pandemic levels



Source: Maricopa County Justice Courts

Phoenix MSA saw a significant increase in number of residential permits since 2010



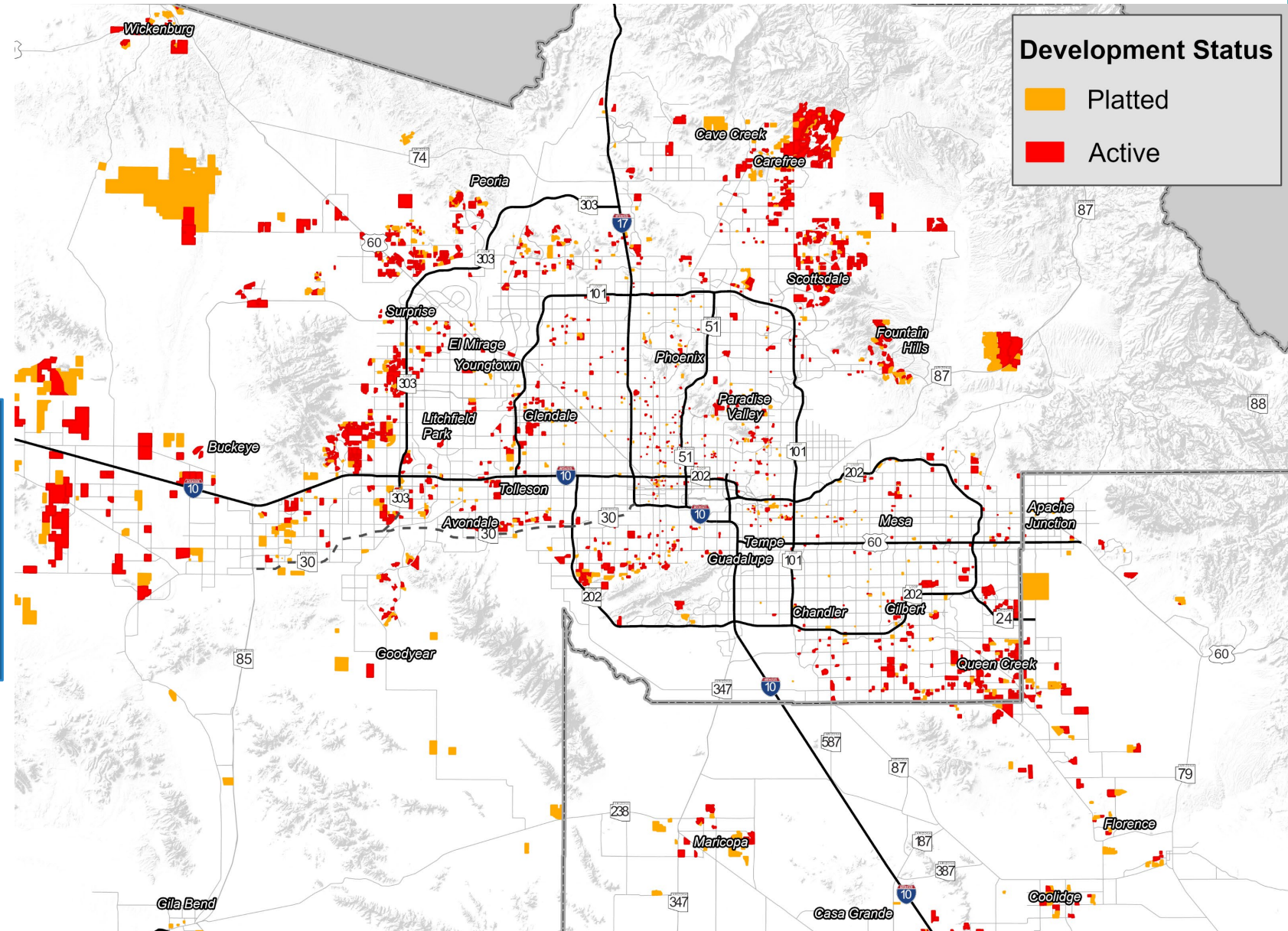
Source: U.S. Census Bureau, Building Permits Survey



Housing Development Pipeline

*Active and Platted Units, 2023 YTD
Phoenix MSA*

- ▶ **275,000** housing units are in the pipeline
- ▶ **178,000** housing units in **Active Projects**
- ▶ **106,000** units in the active projects remain **unbuilt** – nearly **3 years'** worth of units
- ▶ Additional **97,000** housing units are in projects that have not started yet



Source: Maricopa Association of Governments,
September 2023



Housing Development Pipeline

Phoenix MSA

Pipeline	2021	2023 YTD
Total Pipeline	239,000	275,000
Platted Not Started	63,400	97,000
Unbuilt Units in Active Developments	119,300	106,000

Source: Maricopa Association of Governments, September 2023



Takeaways

Economy

- ▶ Robust economic growth – diversifying economy
- ▶ Inflation stabilized but higher in select segments
- ▶ Increasing cost of living could impact attractiveness

Housing

- ▶ Housing completions back at 2007 level
- ▶ Increased residential permit activity
- ▶ Stabilizing median sales price
- ▶ Increase in vacancy rate
- ▶ Affordability easing in some submarkets

Real Estate

- ▶ Institutional buyer activity lower, back to pre-pandemic levels
- ▶ Fewer short-term rentals could open housing to permanent residents
- ▶ 15% increase in approved residential pipeline

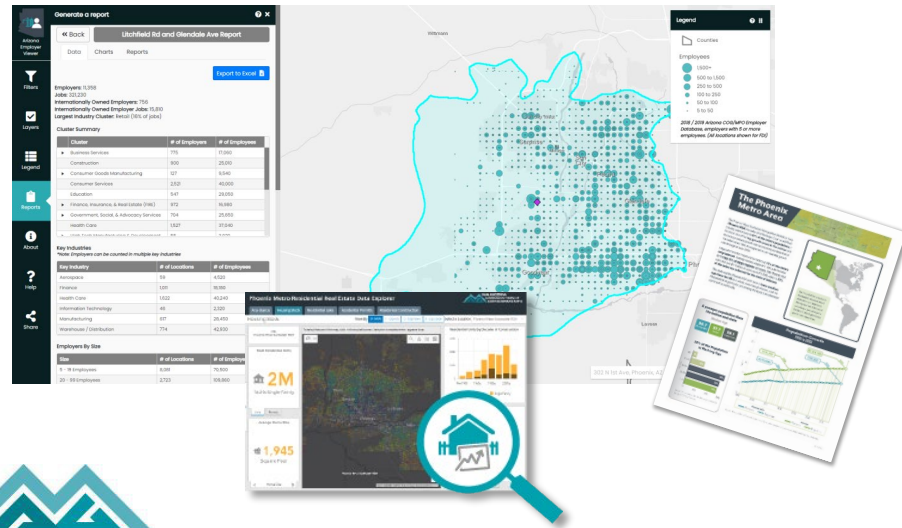


Explore more data!

Housing Data Explorer

- ▶ Regional trends in housing and affordability
- ▶ “Housing Update” tab with key highlights
- ▶ Sales and rent data through Q2 2023
- ▶ More to come!

azmag.gov/Housing-Data-Explorer



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